

P 120027Z DEC 07  
FM AMEMBASSY CANBERRA  
TO SECSTATE WASHDC PRIORITY 8711  
INFO AMEMBASSY BANGKOK  
AMEMBASSY BEIJING  
AMEMBASSY HANOI  
AMEMBASSY JAKARTA  
AMEMBASSY KUALA LUMPUR  
AMEMBASSY MANILA  
AMEMBASSY NEW DELHI  
AMEMBASSY PHNOM PENH  
AMEMBASSY RANGOON  
AMEMBASSY SEOUL  
AMEMBASSY SINGAPORE  
AMEMBASSY SUVA  
AMEMBASSY TOKYO  
AMEMBASSY VIENTIANE  
AMEMBASSY WELLINGTON  
AMCONSUL MELBOURNE  
AMCONSUL PERTH  
AMCONSUL SYDNEY  
CDR USPACOM HONOLULU HI  
DIA WASHINGTON DC

C O N F I D E N T I A L CANBERRA 001745

SIPDIS

NOFORN  
SIPDIS

E.O. 12958: DECL: 12/12/2017  
TAGS: [AS](#) [CH](#) [ID](#) [IN](#) [IR](#) [IZ](#) [JA](#) [MNUC](#) [PREL](#) [PTER](#)  
SUBJECT: U/S BURNS' 12/5 MEETINGS WITH AUSTRALIAN DPM  
GILLARD, FM SMITH, AG MIN BURKE

Classified By: AMBASSADOR ROBERT MCCALLUM. REASON 1.4 (D)

¶1. (C/NF) Summary: During wide-ranging conversations December 5 with newly appointed Australian Deputy Prime Minister Julia Gillard, Foreign Minister Stephen Smith, and Agriculture Minister Tony Burke, Under Secretary Nicholas Burns emphasized the importance Washington placed on a continued close relationship with Australia under the new PM Rudd-led government. The U.S. had no better friend in the world than Australia; it was normal for friends and allies to have occasional policy differences. He stressed the need for a third UN Security Council resolution to counteract Iran's continued efforts to enrich uranium and to develop ballistic missile technology. He said that the U.S. respected the new government's decision to withdraw its combat troops from Iraq, but we would want Australia to stay involved to help the Iraqi government. The new Defense Minister would need to discuss the details of the troop issue with DoD. U/S Burns noted that there are other roles the Australians could play in that country, even while we agreed on the need to do more in Afghanistan. He noted that there was much both can do together in the future to address the climate change challenge, despite differences in the two government's approaches. He stressed that the India-U.S. Civil Nuclear Agreement was very important to the U.S. and that we hoped Australia would join in the consensus at the Nuclear Suppliers Group (NSG) to allow India to purchase equipment and fuel for its civilian nuclear reactors. On engaging China, U/S Burns said that China had been very helpful in the Six Party process, less helpful in cases such as Sudan and Burma, mixed on Iran. On Burma, U/S Burns expressed frustration with international efforts so far to force the Burmese generals to begin a real dialogue with Aung San Suu Kyi. He told Smith that the Secretary was looking forward to coming to Australia for the annual AUSMIN talks in early 2008.

¶2. (C/NF) Summary continued: Gillard and Smith replied that their government was resolved to maintain the Alliance as a centerpiece of its foreign policy. Despite differences in global climate change policies between the U.S. and the new Australian government, they were optimistic that they

could cooperate in post-Kyoto efforts. On Iraq, Gillard emphasized that Australia would leave a security element at its embassy in Baghdad as well as a naval element in the Persian Gulf and would be willing to provide aid and training to build a civil society. Smith added that the Australian withdrawal from Iraq should be done in a careful and cooperative manner, to avoid any misperceptions. Gillard noted that on the issue of Iran, Australia's ultimate priority would be Israel's security. Smith reiterated his government's refusal to sell uranium to India until it signs the NPT but was noncommittal on whether the GOA would block consensus in the NSG. Gillard said that PM Rudd wanted to offer his perspective and help on dealing with China. Smith expressed his eagerness to meet with the Secretary in Washington in the near future. End summary.

#### MAINTAINING THE ALLIANCE

¶3. (C/NF) Under Secretary of State Nicholas Burns met newly-appointed Deputy Prime Minister Julia Gillard, Foreign Minister Stephen Smith, and Agriculture Minister Tony Burke at breakfast on December 5. U/S Burns and FM Smith continued the discussion afterwards at the Foreign Minister's office. U/S Burns congratulated Gillard and Smith on their party's hard fought victory. He said that Washington looked forward to continuing the close relationship with Australia. Gillard responded that her government was firmly committed to the Alliance. Smith added that the Australian public understood that the United States "saved" the country in World War Two

and that the Alliance was integral to Australia's security.

#### IRAN

¶4. (C) U/S Burns detailed the latest developments on Iran, including the recently-released unclassified NIE, which he described as including some good news showing Iran had stopped its nuclear weapons program in 2003 and that Iran was thus susceptible to international pressure and sanctions. That said, Iran continued to enrich uranium through its 3,000 centrifuges at Natanz and to develop ballistic missile technology, demonstrating the need to increase pressure on Iran through a third UN Security Council resolution. Gillard emphasized that Australia was committed to the security of Israel and opposed to any threat to it from a nuclear-armed Iran. Smith agreed to the need for continued pressure from the U.N. and other arenas on Iran to negotiate. He voiced concern that China and Russia would cite the NIE as a reason to back away from further sanctions.

#### IRAQ

¶5. (C/NF) Regarding Prime Minister Rudd's announcement that he intended to withdraw Australia's 550 combat troops from Iraq, U/S Burns said that the U.S. respected the decision, was grateful for the Australian contribution, but stressed that there were other roles the Australians could and should play in Iraq. Australia's assistance in building a civil society and continued training of the Iraqi military would be greatly appreciated.

¶6. (C) Gillard replied that though Australia would withdraw its battle group after one more rotation, the GOA would leave a security element at its embassy in Baghdad as well as a naval element in the Persian Gulf and would be willing to provide aid and training to build a stronger government and civil society in Iraq. Australia will continue to play a role in non-combatant areas, Gillard said. Smith assured U/S Burns that the withdrawal of Australian combat troops from Iraq will be done in "a careful and cooperative" process.

#### AFGHANISTAN

¶7. (C/NF) U/S Burns said that Afghanistan remained worrying, given the increase in the volume of Taliban

attacks, the role of narco-trade in the country's economy, the need to rebuild civil society, with better coordination of international civilian efforts through appointment of a senior envoy. U/S Burns added that the U.S. was pushing President Musharraf to do more on the border with Afghanistan, from where Taliban and Al Qaeda mount attacks on U.S., Australian and other nations' troops in Afghanistan.

18. (C) Gillard replied that Australia was "resolved" to continue its mission in Afghanistan. She noted that Australia faced some "bad luck" recently, with three soldiers dying in combat over recent weeks. PM Rudd understood the very complex nature of the situation there, including the serious lack of government structure. FM Smith shared the serious lack of government structure. FM Smith shared the concern over Pakistan's inability to control the tribal areas adjoining its borders with Afghanistan, agreed the military effort would be long-term, and also said that the international counter-narcotics effort in Afghanistan to date was "not enough."

#### CLIMATE CHANGE

19. (C/NF) U/S Burns noted differences in the two government's approaches to addressing climate change. There was growing environmental awareness among the American public, as well as significant public and private investment into new energy technologies such as hydrogen generation and clean burning coal. The President hosted a meeting of the major economies last September. Both this and the next administration would focus on post-Kyoto frameworks; the U.S. delegation would engage the Australians at the December Bali meetings and looked forward to ensuring countries such as China and India were included in the post-Kyoto framework.

110. (C) Gillard acknowledged "obvious differences" in the two countries' approaches to climate change but added that she had been encouraged by the spirit of innovation to address this issue she observed in a recent visit to the United States. The two countries should engage and cooperate in finding solutions on climate change.

#### ENGAGING CHINA

111. (CN/F) U/S Burns said the U.S. sought to engage China as a responsible stakeholder but noted the results varied to date. China had been very helpful in dealing with North Korea in the Six Party process, was not doing all it could on Sudan or Burma, and had a mixed record on Iran. U/S Burns said China had taken a mercantilistic rather than strategic approach to Iran prior to adopting a more helpful position December 1, when MFA Political Director He Yafei had been much more forthcoming in discussions on possible elements of a new sanctions resolution. DPM Gillard noted that PM Rudd, who had served as a diplomat in China and was a fluent Mandarin speaker, wanted to offer his advice and perspectives to the U.S. in its relationship with China.

112. (C) U/S Burns noted that the U.S. was not overly enthusiastic about the quadrilateral talks pushed by former Japanese Prime Minister Abe. FM Smith agreed, noting that the U.S., Japan and Australia must be careful not to make China feel isolated, even as China's inexorable rise had made Japan nervous. Smith suggested instead that there would be merit in a forum with five nations, including China along with India, Japan, Australia, and the U.S. Australia enjoyed very good relations with all these countries. The U.S. is Australia's most important ally. Besides the burgeoning economic relationship, China held a special regard for Australia and the Labor government since former PM Gough Whitlam recognized the PRC in the 1970s. Japan was a very important trading partner and investor. Indian trade and relations were expanding rapidly.

#### INDIA AND NUCLEAR ISSUES

113. (C/NF) U/S Burns described the fast developing

relationship between India and the United States. While the U.S. considered the Rudd government's policy not to sell uranium to India as Australia's sovereign decision, not an issue for the U.S., he stressed that the India-U.S. Civil Nuclear Agreement, in contrast was very important. The U.S. hoped Australia would join in the consensus at the Nuclear Suppliers Group (NSG) early in 2008 to allow India to purchase equipment and fuel for its civilian nuclear reactors. This was a high U.S. priority.

¶14. (C/NF) FM Smith reiterated that Australia would not consider selling uranium to India unless it signed the NPT - something India has been unwilling to do. On the NSG question, he acknowledged the importance the U.S. placed on the agreement. Smith did not provide a direct answer, as the new government would need to review the matter. He promised to keep in close and frequent touch, commenting that the NSG question could "potentially be more contentious than the Iraq issue."

#### BURMA

¶15. (C) U/S Burns expressed frustration with international efforts so far to force the Burmese generals to begin a real dialogue with Aung San Suu Kyi. ASEAN was divided and passive. China needed to do more; so far it had not done enough to use its influence with the regime. U.N. Special Envoy Gambari was not engaging in the country enough but traveled around the region talking to other governments. Gillard and Smith both acknowledged that Burma presented a frustrating challenge, stressing that the Australian government and the Australian people were appalled by the ongoing human rights abuses going on in Burma.

#### PACIFIC ISLANDS, INDONESIA, AUSMIN

¶16. (C/NF) In response to U/S Burns praise for Australia's leading role in the region, Gillard told him that promoting peace and good governance in the Pacific islands nations was a high priority in her government's foreign policy. She noted that the Rudd government has created the post of Parliamentary Secretary for the Pacific Islands to deal specifically with the island states issues. Gillard observed that Australia's economic aid to the island states had not, in many cases, accomplished its intent. She said that another priority in the region would be to support Indonesia's efforts to deal with Islamic radicalism, a significant concern for her government.

¶17. (C/NF) U/S Burns told FM Smith that the Secretary is looking forward to coming to Australia for the annual AUSMIN talks. Smith said that he looked forward to his trip to the U.S. early in 2008 and to his discussions with the Secretary.

¶18. (U) Under Secretary Burns has cleared this cable.